

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 04 - 14	2. STATE: TEXAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: May 29, 2004	
5. TYPE OF PLAN MATERIAL (Circle One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: Title XIX, Social Security Act		7. FEDERAL BUDGET IMPACT: SEE ATTACHMENT a. FFY 2004 \$ 5,286,709 b. FFY 2005 \$ 9,029,985	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: SEE ATTACHMENT		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): SEE ATTACHMENT	
10. SUBJECT OF AMENDMENT: This amendment expands the current supplemental inpatient hospital reimbursement methodology for urban non-state owned public hospitals or hospitals affiliated with a hospital district to include Potter and Randall counties. The purpose of the supplemental payment is to recognize the unique role that urban public safety-net hospitals play in the Texas healthcare delivery system for the Medicaid population. As a result, the State seeks to ensure that Medicaid payments are commensurate with Medicare payments principles.			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Sent to Governor's Office this date. Comments, if any, will <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL be forwarded upon receipt.			
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO: Jason Cooke State Medicaid/CHIP Director Post Office Box 13247 Austin, Texas 78711	
13. TYPED NAME: David J. Balland			
14. TITLE: Interim State Medicaid/CHIP Director			
15. DATE SUBMITTED: June 30, 2004			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: JUL - 1 2004		18. DATE APPROVED: JUL 20 2004	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: MAY 29 2004		20. SIGNATURE OF REGIONAL OFFICIAL: Brown Jr. Smith.	
21. TYPED NAME: Charlene Brown		22. TITLE: Deputy Director, CMSO	
23. REMARKS:			

(t) Non-State Owned Urban Hospital Supplemental Inpatient Payments. Notwithstanding other provisions of this attachment, supplemental payments will be made each state fiscal year in accordance with this subsection to eligible hospitals that serve high volumes of Medicaid and uninsured patients.

(1) Supplemental payments are available under this subsection for inpatient hospital services provided by a non-state owned or operated publicly-owned hospital or hospital affiliated with a hospital district in Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Nueces, Midland, Potter, Randall, Tarrant, and Travis counties. Supplemental payments will be made for inpatient services on or after July 6, 2001 for Bexar, Dallas, Ector, El Paso, Harris, Lubbock, Nueces, Tarrant, and Travis counties. Supplemental payments will be made for inpatient services on or after February 7, 2004 for Midland county. Supplemental payments will be made for inpatient services on or after May 29, 2004 for Potter and Randall counties.

(2) The supplemental payments described in this subsection will be made in accordance with the applicable regulations regarding the Medicaid upper limit provisions codified at 42 C.F.R. §447.272. The following method is used to reasonably estimate the Medicaid upper limit. Medicare payments subject to case mix adjustment are divided by a hospital's Medicare case mix index (CMI) to determine total Medicare payments for case mix of 1.0. Medicare pass-through payments are added, and the total is divided by Medicare discharges in order to determine a Medicare CMI adjusted payment per discharge. Medicaid payments subject to case mix adjustment are divided by a hospital's Medicaid CMI to determine total Medicaid payments for a case mix of 1.0. Medicaid pass-through payments are added, and the total is divided by Medicaid discharges in order to determine a Medicaid CMI adjusted payment per discharge. The Medicaid CMI adjusted payment per discharge is subtracted from Medicare CMI adjusted payment per discharge. The result is multiplied by the hospital's base year Medicaid CMI to determine a CMI adjusted Medicaid Medicare payment per discharge differential. This payment per discharge differential is multiplied by Medicaid base year discharges and inflated to the current period. The calculation uses base year paid Medicaid claims and cost reports. All managed care patients are excluded from the calculation.

(3) In each county listed in paragraph (t)(1) of this section, the publicly-owned hospital or hospital affiliated with a hospital district that incurs the greatest amount of cost for providing services to Medicaid and uninsured patients, will be eligible to receive supplemental high volume payments. The supplemental payments authorized under this subsection are subject to the following limits:

- (A) In each state fiscal year the amount of any inpatient supplemental payments and outpatient supplemental payments may not exceed the hospital's "hospital specific limit," as determined under Appendix I to Attachment 4.19-A (relating to Reimbursement to Disproportionate Share Hospitals (DSH)); and
- (B) The amount of inpatient supplemental payments and fee-for-service Medicaid inpatient payments the hospital receives in a state fiscal year may not exceed Medicaid inpatient billed charges for inpatient services provided by the hospital to fee-for-service Medicaid recipients in accordance with 42 CFR §447.271.

STATE: Texas

SUPERSEDES: 04-03

DATE REC'D: 6-30-04

DATE APPROVED:

JUL 20 2004

DATE EFFECTIVE: 5-29-04

HFCA 179: TN 04-14